

Michigan Department of Treasury  
496 (2-04)

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name TOWNSHIP OF GROSSE ILE	County WAYNE
Audit Date MARCH 31, 2004	Opinion Date SEPTEMBER 30, 2004	Date Accountant Report Submitted to State: NOVEMBER 24, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.		X	
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGR).		X	

Certified Public Accountant (Firm Name) HUNGERFORD & CO.			
Street Address 13305 REECK ROAD	City SOUTHGATE	State MI	ZIP 48195
Accountant Signature <i>Thomas C. Monteleone CPA</i>		Date 11-22-04	

# **Township of Grosse Ile**

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**Financial Report  
with Supplemental Information  
March 31, 2004**

# Township of Grosse Ile

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# Township of Grosse Ile

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A Professional Corporation

## INDEPENDENT AUDITOR'S OPINION

To the Board of Trustees  
Township of Grosse Ile, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Township of Grosse Ile, Michigan, as of and for the year ended March 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Grosse Ile's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Township of Grosse Ile, Michigan, as of March 31, 2004 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 15, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements – And Management's Discussion and Analysis – for State and Local Governments, as of March 31, 2004.

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2004 on our consideration of the Township of Grosse Ile, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 53 through 56 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United State of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Township of Grosse Ile, Michigan basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hungerford & Co.*

September 30, 2004

# **Township of Grosse Ile**

## **Management's Discussion and Analysis**

Our discussion and analysis of the Township of Grosse Ile's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2004. Please read it in conjunction with the Township's financial statements.

### **Financial Highlights**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2004:

- The financial report for the year ended March 31, 2004 reflects complete implementation of Governmental Accounting Standards Board Statement Number 34, which significantly changed the content and format of municipal financial reporting. Accordingly, these statements present both entity-wide financial reporting for all governmental and business activities in addition to reporting financial information at the fund level.
- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately \$73,637 this year, which represents a 7.3 percent decrease from the prior year.
- Property taxes are the Township's single largest source of revenue. The Township's taxable value for fiscal year 2003/2004 was \$566,240,969, which represents an increase of \$21,797,706, or 4 percent.
- In June 2003, the Township of Grosse Ile purchased 90 lots (approximately 35 acres) of open space property for \$2.5 million.
- The Township has historically been conservative and continuously monitors discretionary spending; as a result, the fund balance of the General Fund increased by \$357,109.
- On November 6, 2001, the electorate approved the issuance of \$40,000,000 of general obligation bonds for the Sanitary Sewer Rehabilitation Project pursuant to an administrative consent order issued by the State of Michigan. In December 2003, the final bond was issued for Segment 3 for \$16,295,000. Thus, the entire \$40 million has been issued to date for this project.
- On July 28, 2003, the Township of Grosse Ile adopted a resolution to issue and sell general obligation capital improvement bonds in an amount not to exceed \$10,000,000 for the purpose of paying the costs of acquiring the property and the Grosse Ile toll bridge through condemnation proceedings and making certain capital improvements to the subject property.

# Township of Grosse Ile

## Management's Discussion and Analysis (Continued)

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets (deficit) and the statement of activities provide information about the activities of the Township of Grosse Ile as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

### The Township as a Whole

The following table shows, in a condensed format, the net assets as of the current date (in thousands of dollars):

TABLE I

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets	\$ 10,956	\$ 31,104	\$ 42,060
Noncurrent assets	32,443	42,123	74,566
Total assets	43,399	73,227	116,626
<b>Liabilities</b>			
Current liabilities	1,010	3,683	4,693
Long-term liabilities	5,245	45,023	50,268
Total liabilities	6,255	48,706	54,961
<b>Net Assets</b>			
Invested in capital assets -			
Net of related debt	26,961	17,369	44,330
Restricted	7,728	4,652	12,380
Unrestricted (deficit)	2,455	2,500	4,955
Total net assets	<u>\$ 37,144</u>	<u>\$ 24,521</u>	<u>\$ 61,665</u>

# Township of Grosse Ile

## Management's Discussion and Analysis (Continued)

The Township of Grosse Ile has combined net assets of \$61.7 million. Business-type activities comprise \$25 million of the total net assets. In future reports, comparative data will be provided for the statement of activities. Comparative data is not required during the first year of reporting under GASB No. 34, and therefore, a comparative statement of activities is not part of the management's discussion and analysis.

The following table shows the changes of the net assets during the current year (in thousands of dollars):

TABLE 2

	Governmental Activities	Business-type Activities	Total
<b>Net Assets - Beginning of year</b>	\$ 35,913	\$ 23,193	\$ 59,106
<b>Revenue</b>			
Program revenue:			
Charges for services	1,397	5,076	6,473
Operating grants and contributions	125	-	125
Capital grants and contributions	-	876	876
General revenue:			
Property taxes	6,496	369	6,865
State-shared revenue	982	-	982
Unrestricted investment earnings	153	53	206
Miscellaneous	-	(4)	(4)
Transfers and other revenue	5	(5)	-
Total revenue	9,158	6,365	15,523
<b>Program Expenses</b>			
General government	3,302	-	3,302
Public safety	3,467	-	3,467
Public works	-	3,206	3,206
Municipal Airport and Commerce Park	-	1,215	1,215
Recreation and culture	753	616	1,369
Interest on long-term debt	405	-	405
Total program expenses	7,927	5,037	12,964
<b>Change in Net Assets</b>	1,231	1,328	2,559
<b>Net Assets - End of year</b>	<b>\$ 37,144</b>	<b>\$ 24,521</b>	<b>\$ 61,665</b>

# **Township of Grosse Ile**

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## **Management's Discussion and Analysis (Continued)**

### **Governmental Activities**

For comparison purposes, several items have been excluded due to the reclassification of certain business-type activities that were previously reported in separate Capital Improvement and Debt Service Funds included within the general government.

The Township's total governmental revenues increased by approximately \$85,000, despite decreases in state-shared revenue and interest income. The increase, which represents less than 1 percent, was due primarily to the continuing increase in property taxes.

Expenses increased by about \$2.534 million during the year; however, \$2.5 million of the increase resulted from the purchase of open space property. The additional increase of approximately \$34,000 was led by large increases in health care costs and property insurance rates. To offset this, the Township closely monitored its spending in all other areas.

### **Business-type Activities**

The Township's business-type activities consist of the Department of Public Works, the Municipal Airport and Commerce Park, the Grosse Ile Bridge, and the Water's Edge Country Club. The Department of Public Works Fund provides water to residents from the Detroit Water System. The Township provides sewage treatment through a Township-owned sewage treatment plant. Refuse collection and recycling services are provided by an outside commercial entity.

The operating revenue of the Department of Public Works' fund decreased by 2.6 percent, even though the Township imposed a 27 percent rate increase for water usage. This increase was passed to absorb the 13.7 percent increase from the City of Detroit for the fiscal year. The operating expenses decreased by 8.7 percent, resulting in an overall operating net income of \$749,055. The decrease in revenue and expenses was due primarily to less usage of the system and less water purchased from the City of Detroit.

The Municipal Airport and Commerce Park Fund is used to account for the airport operations and the Commerce Park complex. In March 2004, the Grosse Ile Municipal Airport entered into a management agreement with John Shade, director, Grosse Ile Tennis Center to provide the management of tennis programs. Revenues from membership fees shall be placed in a separate account maintained by the Township and applied toward utility expenses and other expenses as deemed necessary. The revenues from court and lesson fees shall be allocated on the following percentage-of-gross basis: director 60 percent, airport 30 percent, and donors 10 percent. Revenues and expenses for this activity have been reported in this fund in the amounts of \$52,056 and \$16,191, respectively.

# **Township of Grosse Ile**

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## **Management's Discussion and Analysis (Continued)**

The operating revenue for this fund decreased by approximately 3 percent and the operating expenses increased by approximately 4 percent. The decrease in revenue resulted primarily from the amount of fuel sales. The increase in operating expenses is due to current economic conditions that have increased personnel costs and liability insurance. In November 2003, the Township was able to improve the financial position of this fund by consolidating outstanding debt and lowering interest costs. Operating loss was \$104,405 for the fiscal year.

The Grosse Ile Bridge Fund is used to account for costs associated with the pending litigation related to the condemnation of the Grosse Ile toll bridge. As of March 31, 2004, the costs associated with this taking are reported as a capital asset in the amount of \$268,983.

The Water's Edge Country Club Fund accounts for the operations and maintenance of the golf course, pool, and marina facilities. The facilities are open to the public on a membership and fee basis.

The operating revenue for this fund decreased by approximately 5 percent, and the operating expenses decreased by approximately 7 percent. The decrease in revenue resulted primarily from the decline of usage of the golf facility. The decrease in operating expenses is due to efforts to maintain costs to a minimum to reflect current economic conditions. The two biggest factors affecting the golf course business are the weather and the economy. Operating loss was \$55,415 for the fiscal year.

### **The Township's Funds**

Our analysis of the Township's major funds begins on page 13, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2004 include the General Fund, the Road Improvement Fund, and the Open Space Fund.

The General Fund pays for most of the Township's governmental services. The most significant are general administration and police operations, which incurred expenses of approximately \$1.7 and \$2.4 million, respectively, in the current year. The budget in the General Fund is basically a "maintenance" budget, which means it increases modestly from year to year.

# **Township of Grosse Ile**

## **Management's Discussion and Analysis (Continued)**

### **General Fund Budgetary Highlights**

Over the course of the year, the Township amended the budget only once to take into account events during the year. The adjustment was made from fund balance to purchase equipment that was encumbered in the prior year. The Township Board's policy regarding the budget is to avoid making adjustments during the year so that the budget can be used as a financial guide to make financial decisions, and to analyze and maintain the validity of the budget document. As a result, the actual revenues and expenses are usually within 10 percent of budgeted amounts. Overall, the Township departments stayed below the amended budget amounts, resulting in total expenditures and transfers of \$357,109 below budget. This allowed the General Fund's unreserved fund balance to increase from \$703,737 a year ago to \$1,005,911 at March 31, 2004.

### **Capital Asset and Debt Administration**

On November 12, 2003, a general obligation limited tax bond was issued in the amount of \$680,000 for the Grosse Ile Municipal Airport for the purpose of consolidation of current loans outstanding. Due to the low interest rate, this provided them with additional funding while reducing their annual debt payments.

On December 18, 2003, the final bond was issued for Segment 3 of the Sanitary Sewer Rehabilitation Project through the Michigan Municipal Bond Authority State Revolving Loan Fund at an interest rate of 2.125 percent in the amount of \$16,295,000.

On January 28, 2004, bonds were issued in the amount of \$1,585,000 to refinance previous bonds approved by the electors of the Township for the purpose of funding the construction of the public safety building. This refunding was undertaken to lower interest costs and to reduce the annual debt service requirements. The total savings to the Public Safety Debt Fund is estimated at \$176,000; this refunding will not extend the remaining maturity years of the bonds outstanding.

At the end of fiscal year 2004, the Township had approximately \$75 million (net of depreciation) invested in a broad range of capital assets, including land, buildings, bike paths, roads, equipment, and water and sewer lines.

Major capital improvements for the fiscal year included resurfacing West River Road (Parkway to Groh), adding left turn lanes to "four corners," the special assessment district road paving projects of Lake, Rucker, and Ruthmere, and the continuation of the sanitary sewer rehabilitation project.

# **Township of Grosse Ile**

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## **Management's Discussion and Analysis (Continued)**

### **Economic Factors and Next Year's Budgets and Rates**

Due to the extreme economic conditions that every local community is currently facing, the Township's 2004-2005 budget was prepared with the following criteria. First, operating millage revenues will be increased by 3 percent. This can be accomplished because of the strong growth in our tax base. The statewide Tax Reform Act limits growth in taxable value on any individual property to the lesser of inflation or 5 percent. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. Further, the Township incorporated a 10 percent decrease in state-shared revenue, a 15 percent increase in all employee health insurance premiums, and a 10 percent increase in liability insurance premiums. By limiting other categories of discretionary spending and revisiting how certain services are delivered, the Township was able to balance its budget for the 2004-2005 fiscal year.

As of April 1, 2004, water rates will increase by 25 percent and sewer rates will decrease by 42 percent for an overall net zero increase in rates charged to Township residents. Due to large rate increases in previous years, the Township Board felt that the Department of Public Works could absorb the 3.5 percent rate increase imposed by the Detroit Water Board for one year.

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the finance department.

# Township of Grosse Ile

## Statement of Net Assets (Deficit) March 31, 2004

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 9,268,764	\$ 418,542	\$ 9,687,306	\$ 44,435
Restricted assets - Undrawn bond proceeds (Note 8)	-	22,052,432	22,052,432	-
Receivables - Net (Note 4)	915,335	-	915,335	18,701
Customer receivables	-	815,618	815,618	-
Internal balances (Note 6)	608,548	(608,548)	-	-
Due from other governmental units	150,697	3,029,802	3,180,499	182,052
Due from component unit	1,219	-	1,219	-
Due from primary government	-	-	-	104,507
Inventories	3,390	45,996	49,386	-
Prepaid items and other assets	8,040	3,252	11,292	-
Restricted assets (Note 8)	-	5,347,070	5,347,070	-
Capital assets - Net (Note 5)	32,442,887	42,122,539	74,565,426	-
<b>Total assets</b>	<b>43,398,880</b>	<b>73,226,703</b>	<b>116,625,583</b>	<b>349,695</b>
<b>Liabilities</b>				
Accounts payable	360,401	2,298,280	2,658,681	95,151
Accrued and other liabilities	90,546	40,923	131,469	500
Due to primary government	-	-	-	1,219
Deferred revenue (Note 4)	3,643	72,698	76,341	-
Customer deposits	-	76,808	76,808	-
Compensated absences:				
Due within one year	89,314	28,992	118,306	-
Due in more than one year	229,746	77,074	306,820	-
Long-term debt (Note 7):				
Due within one year	466,643	1,165,091	1,631,734	66,524
Due in more than one year	5,015,102	44,946,087	49,961,189	900,301
<b>Total liabilities</b>	<b>6,255,395</b>	<b>48,705,953</b>	<b>54,961,348</b>	<b>1,063,695</b>
<b>Net Assets (Deficit)</b>				
Invested in capital assets - Net of related debt	26,961,142	17,368,789	44,329,931	-
Restricted:				
Debt service	931,644	-	931,644	-
Other purposes (Note 11)	6,796,658	4,652,066	11,448,724	-
Unrestricted	2,454,041	2,499,895	4,953,936	(714,000)
<b>Total net assets (deficit)</b>	<b>\$ 37,143,485</b>	<b>\$ 24,520,750</b>	<b>\$ 61,664,235</b>	<b>\$ (714,000)</b>

# Township of Grosse Ile

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 3,302,216	\$ 832,148	\$ 125,290	\$ -
Public safety	3,466,927	213,480	-	-
Cultural and recreation	753,248	350,930	-	-
Interest on debt	405,782	-	-	-
Total governmental activities	7,928,173	1,396,558	125,290	-
Business-type activities:				
Department of Public Works	3,206,260	3,527,983	-	178,425
Municipal Airport and Commerce Park	1,215,427	1,059,849	-	697,955
Grosse Ile Bridge	-	-	-	-
Water's Edge Country Club	616,048	488,587	-	-
Total business-type activities	5,037,735	5,076,419	-	876,380
Total primary government	<u>\$ 12,965,908</u>	<u>\$ 6,472,977</u>	<u>\$ 125,290</u>	<u>\$ 876,380</u>
Component units:				
Brownfield Authority	\$ 376,542	\$ -	\$ 15,211	\$ -
Downtown Development Authority	126,573	-	-	-
Total component units	<u>\$ 503,115</u>	<u>\$ -</u>	<u>\$ 15,211</u>	<u>\$ -</u>
General revenues:				
Property taxes				
State-shared revenues				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
<b>Change in Net Assets</b>				
<b>Net Assets</b> - Beginning of year				
<b>Net Assets</b> - End of year				

**Statement of Activities**  
**Year Ended March 31, 2004**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (2,344,778)	\$ -	\$ (2,344,778)	\$ -
(3,253,447)	-	(3,253,447)	-
(402,318)	-	(402,318)	-
(405,782)	-	(405,782)	-
(6,406,325)	-	(6,406,325)	-
-	500,148	500,148	-
-	542,377	542,377	-
-	-	-	-
-	(127,461)	(127,461)	-
-	915,064	915,064	-
(6,406,325)	915,064	(5,491,261)	-
-	-	-	(361,331)
-	-	-	(126,573)
-	-	-	(487,904)
6,495,944	368,928	6,864,872	249,947
982,192	-	982,192	-
152,826	53,810	206,636	2,082
-	(4,690)	(4,690)	-
5,279	(5,279)	-	-
7,636,241	412,769	8,049,010	252,029
1,229,916	1,327,833	2,557,749	(235,875)
35,913,569	23,192,917	59,106,486	(478,125)
<b>\$ 37,143,485</b>	<b>\$ 24,520,750</b>	<b>\$ 61,664,235</b>	<b>\$ (714,000)</b>

# Township of Grosse Ile

## Governmental Funds Balance Sheet March 31, 2004

	General Fund	Road Improvement Fund	Open Space Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 2,379,317	\$ 1,781,514	\$ 317,968	\$ 4,789,965	\$ 9,268,764
Receivables - Net	209,157	61,923	40,335	603,920	915,335
Due from other funds	1,464,100	1,525,000	-	63,486	3,052,586
Due from component unit	1,219	-	-	-	1,219
Due from other governmental units	115,851	-	-	34,846	150,697
Inventories	3,390	-	-	-	3,390
Prepaid items and other assets	100	-	-	7,940	8,040
<b>Total assets</b>	<b>\$ 4,173,134</b>	<b>\$ 3,368,437</b>	<b>\$ 358,303</b>	<b>\$ 5,500,157</b>	<b>\$ 13,400,031</b>
<b>Liabilities and Fund Balances (Deficit)</b>					
<b>Liabilities</b>					
Accounts payable	\$ 173,934	\$ -	\$ -	\$ 186,467	\$ 360,401
Accrued and other liabilities	28,981	-	-	61,565	90,546
Due to other funds	654,561	-	875,000	914,477	2,444,038
Deferred revenue	-	-	-	438,564	438,564
<b>Total liabilities</b>	<b>857,476</b>	<b>-</b>	<b>875,000</b>	<b>1,601,073</b>	<b>3,333,549</b>
<b>Fund Balances (Deficit)</b>					
Reserved for debt service	-	-	-	931,644	931,644
Designated, reported in General Fund (Note 11)	2,309,747	-	-	-	2,309,747
Unreserved - Undesignated, reported in:					
General Fund	1,005,911	-	-	-	1,005,911
Special Revenue Funds	-	3,368,437	(516,697)	3,293,899	6,145,639
Capital Projects Funds	-	-	-	(326,459)	(326,459)
<b>Total fund balances (deficit)</b>	<b>3,315,658</b>	<b>3,368,437</b>	<b>(516,697)</b>	<b>3,899,084</b>	<b>10,066,482</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 4,173,134</b>	<b>\$ 3,368,437</b>	<b>\$ 358,303</b>	<b>\$ 5,500,157</b>	<b>\$ 13,400,031</b>
<b>Total fund balance for governmental funds</b>					\$ 10,066,482
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and are not reported in the funds					32,442,887
Special assessment revenue not received within 60 days of year end is not reported as revenue in the funds					434,921
Long-term debt is not due and payable in the current period and is not reported in the funds					(5,481,745)
Accumulated sick and vacation pay is not due and payable in the current period and is not reported in the funds					(319,060)
<b>Net assets of governmental activities</b>					<b>\$ 37,143,485</b>

# Township of Grosse Ile

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended March 31, 2004

	General Fund	Road Improvement Fund	Open Space Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>					
Property taxes	\$ 2,755,213	\$ 942,268	\$ 552,549	\$ 2,245,914	\$ 6,495,944
Special assessments				146,576	146,576
State sources	982,192	-	-	-	982,192
Licenses and permits	441,829	-	-	-	441,829
Charges for services	1,608	-	-	345,094	346,702
Ambulance fees	-	-	-	89,631	89,631
Rental income	-	-	-	80,981	80,981
Federal sources	-	-	-	125,290	125,290
Fines and forfeitures	123,849	-	-	-	123,849
Interest income	51,203	29,836	12,574	59,213	152,826
Other	254,217	-	-	59,349	313,566
<b>Total revenue</b>	<b>4,610,111</b>	<b>972,104</b>	<b>565,123</b>	<b>3,152,048</b>	<b>9,299,386</b>
<b>Expenditures</b>					
Current:					
General government	1,708,417	253,372	2,541,071	301,059	4,803,919
33rd District Court	82,254	-	-	-	82,254
Public safety	2,305,526	-	-	940,109	3,245,635
Cultural and recreation	-	-	-	870,976	870,976
Capital outlay	-	-	-	731,859	731,859
Debt service	-	-	-	2,522,174	2,522,174
<b>Total expenditures</b>	<b>4,096,197</b>	<b>253,372</b>	<b>2,541,071</b>	<b>5,366,177</b>	<b>12,256,817</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>513,914</b>	<b>718,732</b>	<b>(1,975,948)</b>	<b>(2,214,129)</b>	<b>(2,957,431)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	52,620	-	-	224,704	277,324
Transfers out	(209,425)	-	-	(62,620)	(272,045)
Issuance of debt/debt defeasance	-	-	-	1,585,000	1,585,000
<b>Total other financing sources (uses)</b>	<b>(156,805)</b>	<b>-</b>	<b>-</b>	<b>1,747,084</b>	<b>1,590,279</b>
<b>Net Change in Fund Balances</b>	<b>357,109</b>	<b>718,732</b>	<b>(1,975,948)</b>	<b>(467,045)</b>	<b>(1,367,152)</b>
<b>Fund Balances - Beginning of year - As restated (Note 15)</b>	<b>2,958,549</b>	<b>2,649,705</b>	<b>1,459,251</b>	<b>4,366,129</b>	<b>11,433,634</b>
<b>Fund Balances - End of year</b>	<b>\$ 3,315,658</b>	<b>\$ 3,368,437</b>	<b>\$ (516,697)</b>	<b>\$ 3,899,084</b>	<b>\$ 10,066,482</b>

# Township of Grosse Ile

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## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended March 31, 2004

**Net Change in Fund Balances - Total Governmental Funds** \$ (1,367,152)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	3,115,664
Loss on disposal of assets	(16,951)
Depreciation expense	(822,668)

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end (146,576)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 2,116,392

Bond proceeds are not reported as financing sources on the statement of activities (1,585,000)

Increase in accumulated employee sick and vacation pay is recorded when earned in the statement of activities (63,793)

**Change in Net Assets of Governmental Activities** **\$ 1,229,916**

# Township of Grosse Ile

## Proprietary Funds Statement of Net Assets March 31, 2004

	Enterprise Funds				
	Department of Public Works	Municipal Airport and Commerce Park	Grosse Ile Bridge	Water's Edge Country Club	Total
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 300	\$ 451,887	\$ -	\$ (33,645)	\$ 418,542
Restricted assets - Undrawn proceeds	22,052,432	-	-	-	22,052,432
Customer receivables - Net	766,590	49,028	-	-	815,618
Due from other governmental units	3,029,802	-	-	-	3,029,802
Due from other funds	-	-	-	104,036	104,036
Inventories	33,082	12,404	-	510	45,996
Prepaid costs and other assets	2,231	1,021	-	-	3,252
Total current assets	25,884,437	514,340	-	70,901	26,469,678
Noncurrent assets:					
Restricted assets	5,243,070	38,081	-	65,919	5,347,070
Capital assets	29,896,060	10,513,173	268,983	1,444,323	42,122,539
Total noncurrent assets	35,139,130	10,551,254	268,983	1,510,242	47,469,609
Total assets	61,023,567	11,065,594	268,983	1,581,143	73,939,287
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	2,246,883	46,399	-	4,998	2,298,280
Accrued and other liabilities	10,545	24,172	-	6,206	40,923
Due to other funds	103,310	111,448	268,983	228,843	712,584
Deferred revenue	-	6,178	-	66,520	72,698
Customer deposits	17,745	58,063	-	1,000	76,808
Current portion of compensated absences	11,200	9,936	-	7,856	28,992
Current portion of long-term debt	1,115,538	14,553	-	35,000	1,165,091
Total current liabilities	3,505,221	270,749	268,983	350,423	4,395,376
Noncurrent liabilities:					
Provision for compensated absences - Net of current portion	33,753	15,430	-	27,891	77,074
Long-term debt - Net of current portion	43,201,087	680,000	-	1,065,000	44,946,087
Total noncurrent liabilities	43,234,840	695,430	-	1,092,891	45,023,161
Total liabilities	46,740,061	966,179	268,983	1,443,314	49,418,537
<b>Net Assets</b>					
Investment in capital assets - Net of related debt	7,040,863	9,780,539	268,983	278,404	17,368,789
Restricted (Note 11)	4,652,066	-	-	-	4,652,066
Unrestricted	2,590,577	318,876	(268,983)	(140,575)	2,499,895
Total net assets	\$ 14,283,506	\$ 10,099,415	\$ -	\$ 137,829	\$ 24,520,750

# Township of Grosse Ile

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended March 31, 2004

	Enterprise Funds				
	Department of Public Works	Municipal Airport and Commerce Park	Grosse Ile Bridge	Water's Edge Country Club	Total
<b>Operating Revenue</b>					
Sale of water	\$ 1,449,223	\$ -	\$ -	\$ -	\$ 1,449,223
Sewage disposal charges	1,388,701	-	-	-	1,388,701
Refuse charges	690,059	-	-	-	690,059
Airport related	-	377,045	-	-	377,045
Commerce Park rent	-	456,018	-	-	456,018
Fuel farm	-	174,730	-	-	174,730
Tennis center	-	52,056	-	-	52,056
Golf	-	-	-	349,608	349,608
Marina	-	-	-	108,844	108,844
Pool	-	-	-	30,135	30,135
Total operating revenue	3,527,983	1,059,849	-	488,587	5,076,419
<b>Operating Expenses</b>					
Cost of water produced/purchased	1,043,651	-	-	-	1,043,651
Cost of sewage treatment	888,855	-	-	-	888,855
Cost of refuse disposal	604,967	-	-	-	604,967
Airport related	-	588,867	-	-	588,867
Commerce Park rent	-	24,477	-	-	24,477
Fuel farm	-	151,854	-	-	151,854
Tennis center	-	16,191	-	-	16,191
Golf	-	-	-	325,966	325,966
Marina	-	-	-	82,377	82,377
Pool	-	-	-	70,979	70,979
Depreciation	241,455	382,865	-	64,780	689,100
Total operating expenses	2,778,928	1,164,254	-	544,102	4,487,284
<b>Operating Income (Loss)</b>	749,055	(104,405)	-	(55,515)	589,135
<b>Nonoperating Revenue (Expenses)</b>					
Property taxes	368,928	-	-	-	368,928
Investment income	51,072	2,254	-	484	53,810
Interest expense	(427,332)	(51,173)	-	(71,946)	(550,451)
Loss on disposal of assets	(3,190)	-	-	(1,500)	(4,690)
Total nonoperating expenses	(10,522)	(48,919)	-	(72,962)	(132,403)
<b>Income (Loss) - Before capital contributions</b>	738,533	(153,324)	-	(128,477)	456,732
<b>Capital Contributions</b>	178,425	697,955	-	-	876,380
<b>Operating Transfers Out</b>	-	(5,279)	-	-	(5,279)
<b>Change in Net Assets</b>	916,958	539,352	-	(128,477)	1,327,833
<b>Net Assets - Beginning of year -</b> As restated (Note 15)	13,366,548	9,560,063	-	266,306	23,192,917
<b>Net Assets - End of year</b>	<b>\$ 14,283,506</b>	<b>\$ 10,099,415</b>	<b>\$ -</b>	<b>\$ 137,829</b>	<b>\$ 24,520,750</b>

# Township of Grosse Ile

## Proprietary Funds Statement of Cash Flows Year Ended March 31, 2004

	Enterprise Funds				
	Department of Public Works	Municipal Airport and Commerce Park	Grosse Ile Bridge	Water's Edge County Club	Total
<b>Cash Flows from Operating Activities</b>					
Receipts from customers	\$ 3,499,662	\$ 1,355,407	\$ -	\$ 488,500	\$ 5,343,569
Payments to suppliers	(1,980,727)	(557,953)	-	(186,559)	(2,725,239)
Payments to employees	(427,377)	(321,221)	-	(282,350)	(1,030,948)
Internal activity - Payments from (to) other funds	97,135	(145,563)	268,983	(33,537)	187,018
Other receipts	-	2,254	-	484	2,738
Net cash provided by (used in) operating activities	1,188,693	332,924	268,983	(13,462)	1,777,138
<b>Cash Flows from Financing Activities</b>					
Proceeds from issuance of debt	12,870,240	680,000	-	134,725	13,684,965
Purchase of capital assets	(13,097,084)	(37,027)	(268,983)	(68,806)	(13,471,900)
Proceeds from property tax levy	368,928	-	-	-	368,928
Operating transfers out	-	(5,279)	-	-	(5,279)
Principal paid on capital debt	(156,175)	(684,380)	-	(30,000)	(870,555)
Interest paid on capital debt	(427,332)	(51,173)	-	(71,946)	(550,451)
Net cash used in capital and related financing activities	(441,423)	(97,859)	(268,983)	(36,027)	(844,292)
<b>Cash Flows from Investing Activities -</b>					
Interest received on investments	51,072	2,254	-	484	53,810
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	798,342	237,319	-	(49,005)	986,656
<b>Cash and Cash Equivalents - Beginning of year</b>	4,445,028	252,649	-	81,279	4,778,956
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 5,243,370</u>	<u>\$ 489,968</u>	<u>\$ -</u>	<u>\$ 32,274</u>	<u>\$ 5,765,612</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>					
Cash and investments	\$ 300	\$ 451,887	\$ -	\$ (33,645)	418,542
Restricted investments (Note 8)	5,243,070	38,081	-	65,919	5,347,070
Total cash and cash equivalents	<u>\$ 5,243,370</u>	<u>\$ 489,968</u>	<u>\$ -</u>	<u>\$ 32,274</u>	<u>\$ 5,765,612</u>

# Township of Grosse Ile

## Proprietary Funds Statement of Cash Flows (Continued) Year Ended March 31, 2004

	Enterprise Funds				
	Department of Public Works	Municipal Airport and Commerce Park	Grosse Ile Bridge	Water's Edge Country Club	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>					
Operating income (loss)	\$ 749,055	\$ (104,405)	\$ -	\$ (55,515)	589,135
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	241,455	382,865	-	64,780	689,100
Changes in assets and liabilities:					
Receivables	(28,321)	(472)	-	15,000	(13,793)
Due from other governmental units	(1,400,275)	-	-	-	(1,400,275)
Prepaid expense	48,127	12,465	-	30,305	90,897
Inventories	-	2,990	-	506	3,496
Accounts payable	1,820,597	23,434	-	(9,995)	1,834,036
Accrued and other liabilities	(333,877)	6,333	-	(1,312)	(328,856)
Deferred revenue	-	(336)	-	9,927	9,591
Compensated absences	15	854	-	1,778	2,647
Other liabilities	(5,218)	2,885	-	-	(2,333)
Interfund activity	97,135	6,311	268,983	(68,936)	303,493
Net cash provided by (used in) operating activities	<u>\$ 1,188,693</u>	<u>\$ 332,924</u>	<u>\$ 268,983</u>	<u>\$ (13,462)</u>	<u>\$ 1,777,138</u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended March 31, 2004, the Department of Public Works Fund received \$178,425 of lines donated by developers. In addition, the Municipal Airport and Commerce Park Fund received \$697,955 of matching funds from the state and federal governments for their portion of the taxiway F extension project.

# Township of Grosse Ile

## Fiduciary Funds Statement of Assets and Liabilities March 31, 2004

	Agency Funds		
	General	Tax Collection	Total
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 707,285</u></b>	<b><u>\$ 320,731</u></b>	<b><u>\$ 1,028,016</u></b>
<b>Liabilities</b>			
Due to component unit	\$ -	\$ 104,507	\$ 104,507
Due to other governmental units	-	158,347	158,347
Accrued and other liabilities	<u>707,285</u>	<u>57,877</u>	<u>765,162</u>
Total liabilities	<b><u>\$ 707,285</u></b>	<b><u>\$ 320,731</u></b>	<b><u>\$ 1,028,016</u></b>

# Township of Grosse Ile

## Component Units Statement of Net Assets (Deficit) March 31, 2004

	Brownfield Authority	Downtown Development Authority	Totals
<b>Assets</b>			
Cash and investments	\$ 10,121	\$ 34,314	\$ 44,435
Property taxes receivable	6,430	12,271	18,701
Due from other governmental units	182,052	-	182,052
Due from primary government	<u>20,327</u>	<u>84,180</u>	<u>104,507</u>
Total assets	218,930	130,765	349,695
<b>Liabilities</b>			
Accounts payable	94,410	741	95,151
Due to primary government	-	1,219	1,219
Accrued and other liabilities	-	500	500
Long-term debt (Note 7):			
Due within one year	46,524	20,000	66,524
Due in more than one year	<u>375,301</u>	<u>525,000</u>	<u>900,301</u>
Total liabilities	<u>516,235</u>	<u>547,460</u>	<u>1,063,695</u>
<b>Net Assets (Deficit) - Unrestricted</b>	<b><u>\$ (297,305)</u></b>	<b><u>\$ (416,695)</u></b>	<b><u>\$ (714,000)</u></b>

## Township of Grosse Ile

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		Program Revenues	
		Charges for	Operating
	Expenses	Services	Grants/ Contributions
<b>Brownfield Authority</b> - Community and economic development	\$ 376,542	\$ -	\$ 15,211
<b>Downtown Development Authority</b> - Community and economic development	126,573	-	-
Total governmental activities	<u><u>\$ 503,115</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,211</u></u>
<b>General Revenues</b>			
Property taxes			
Interest			
Total general revenues			
<b>Change in Net Assets (Deficit)</b>			
<b>Net Assets (Deficit)</b> - Beginning of year			
<b>Net Assets (Deficit)</b> - End of year			

**Component Units  
Statement of Activities  
Year Ended March 31, 2004**

Net (Expense) Revenue and Changes in Net Assets		
Brownfield Authority	Downtown Development Authority	Total
\$ (361,331)	\$ -	\$ (361,331)
-	(126,573)	(126,573)
(361,331)	(126,573)	(487,904)
153,496	96,451	249,947
1,042	1,040	2,082
154,538	97,491	252,029
(206,793)	(29,082)	(235,875)
(90,512)	(387,613)	(478,125)
<b><u>\$ (297,305)</u></b>	<b><u>\$ (416,695)</u></b>	<b><u>\$ (714,000)</u></b>

# **Township of Grosse Ile**

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## **Notes to Financial Statements March 31, 2004**

### **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Township of Grosse Ile (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township of Grosse Ile:

#### **Reporting Entity**

The Township operates as a General Law Township under the laws of the State of Michigan. The Township of Grosse Ile is governed by an elected seven-member Board. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

#### **Blended Component Units**

The Grosse Ile Building Authority (the "Authority") is composed of a three-member board appointed by the Township's Board of Trustees. Although it is a separate legal entity from the Township, the Authority is reported as if it were a part of the primary government because its sole purpose is to finance and construct the Township's public buildings.

The Grosse Ile/City of Trenton Utilities Authority (the "Authority") was created under Michigan Statute Act 233 of Public Act 1955, as amended, to acquire, construct, and finance water supply improvements. The Authority is composed of three members, two from Grosse Ile and one from the City of Trenton. Although the Authority is presented under this section, there is no joint venture between the two communities. Each community owns, operates, finances, and maintains its own water/sewer system within its jurisdiction. This Authority is used as a funding mechanism for water and sewer projects. There is no intention now or in the future to sponsor a jointly owned venture. Although it is a separate legal entity from the Township, the Authority is reported as if it were a part of the primary government within the Department of Public Works Fund because its sole purpose is to finance and construct water and sewer projects.

# **Township of Grosse Ile**

## **Notes to Financial Statements March 31, 2004**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### **Discretely Presented Component Units**

The Downtown Development Authority (the "Authority") was created under Act No. 197 of the Michigan State statutes to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic development within the downtown district. The supervisor, subject to the approval of the Township Board under the supervision and control of a Board consisting of the Township supervisor and eight members, appoints the Authority. A tax incremental financing plan was instituted to finance the activities of the Authority. In addition, the Authority budget is subject to approval by the Township Board. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township.

The Brownfield Authority was created under Michigan Public Act 381 of 1997. Its purpose is to redevelop and reuse the Grosse Ile Airport Commerce Park through the capture of tax revenues generated within the Brownfield District. The tax revenues are used to remediate environmental problems (approved by the Township Board) and for land use and market studies (approved by the State of Michigan Department of Environmental Quality). The members consist of the Airport Commission appointed by the Township Board. A tax incremental financing plan was instituted to finance the activities of the Authority. In addition, the Authority's budget is subject to approval by the Township Board. It is reported within the component unit column in the combined financial statements to emphasize that it is legally separate from the Township.

#### **Jointly Governed Organizations**

Jointly governed organizations are discussed in Note 13.

#### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 1 - Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

# Township of Grosse Ile

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## Notes to Financial Statements March 31, 2004

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Road Improvement Fund** - The Road Improvement Fund is used to account for funds from a tax millage for public improvements to nonresidential and commonly used thoroughfares. It is used to pay certain contract indebtedness under contracts to be entered into with the County of Wayne or contractors for the purpose of providing various improvements and maintenance to roads within the Township and the payment of any special road assessments for Township-owned land. The fund was authorized by a vote of the residents approving a tax levy.

**Open Space Fund** - The Open Space Fund is used to account for funds from a tax millage for the purpose of purchasing and maintaining privately owned Township land to maintain and preserve the rural setting of the Township. This fund was authorized by a vote of the residents approving a tax levy.

The Township reports the following major proprietary funds:

**Department of Public Works Fund** - The Department of Public Works Fund accounts for the activities of the water distribution system, sewage collection system, and refuse collection. The fund's primary revenues are generated through user charges from those requesting water and sewer services.

**Municipal Airport and Commerce Park Fund** - The Municipal Airport and Commerce Park Fund is used to account for the airport operations and the Commerce Park complex. Financing is provided by user charges for the airport and by rental income in Commerce Park. The airport was a naval aviation operation, transferred to the Township, and has some land use restrictions imposed by the FAA.

**Grosse Ile Bridge Fund** - The Grosse Ile Bridge Fund is used to account for costs associated with the pending litigation related to the condemnation of the Grosse Ile toll bridge.

# Township of Grosse Ile

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## Notes to Financial Statements March 31, 2004

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Water's Edge Country Club Fund** - The Water's Edge Country Club Fund accounts for the operation and maintenance of the golf course, pool, and marina facilities. The facilities are open to the public on a membership and fee basis.

Additionally, the Township reports the following fund types:

**Agency Funds** - Agency Funds account for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**Capital Projects Funds** - Capital Projects Funds are used to account for the construction of major capital facilities and Township infrastructure other than those financed by proprietary and trust funds.

**Debt Service Funds** - Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

**Special Revenue Funds** - Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes or designated by management to be accounted for in another fund. These funds are classified as Special Revenue Funds due to the limited usage of their assets.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2004 tax is levied and collectible on December 1, 2003 and is recognized as revenue in the year ended March 31, 2004, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2003 taxable valuation of the Township totaled \$566.2 million (a portion of which is abated and a portion of which is captured by the Brownfield Authority and Downtown Development Authority), on which taxes levied consisted of 3.2257 mills for operating purposes, 1.6854 mills for police operations, 1.8981 mills for fire operations and equipment purchases, .9878 mills for open space purchases, 1.6845 mills for road improvements, .4812 mills for recreation operations, .0961 mills for bike path maintenance, .3951 mills for library use, .3259 mills for drainage improvements, .4000 mills for public safety building debt, and 1.05 mills for sewer-related debt. This resulted in \$1.80 million for operating, \$950,000 for police operations, \$1.06 million for fire operations and equipment purchases, \$553,000 for open space purchases, \$943,000 for road improvements, \$269,000 for recreation operations, \$54,000 for bike path maintenance, \$221,000 for library use, \$182,000 for drainage improvements, \$227,000 for public safety building debt, and \$596,000 for sewer-related debt. These amounts are recognized in the respective General Funds, Special Revenue Funds, Debt Service Funds, and Enterprise Funds financial statements as tax revenue.

#### Assets, Liabilities, and Net Assets or Equity

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. To the extent that cash from various funds has been pooled, pooled investment income is generally allocated to each fund using a weighted average method. The statement of cash flows includes both restricted and unrestricted cash and cash equivalents.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 1 - Summary of Significant Accounting Policies (Continued)

Noncurrent receivables such as special assessments are recorded at full value, and deferred revenue is recorded for the portion not available for use to finance operations as of year end. Interest income on special assessments receivable is not accrued until its due date.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets** - Restricted assets of the Department of Public Works Fund consist of cash, municipal pooled investments, and highly liquid assets restricted for replacement of the water and sewer distribution and collection systems and sewer plant capital replacement. Unspent bond proceeds of the Enterprise Funds are required to be set aside for construction. These amounts have also been classified as restricted assets.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Roads and sidewalks	50 years
Bike paths	20 years
Drains	100 years
Water and sewer distribution systems	20 to 100 years
Water and sewer treatment facilities	40 to 50 years
Buildings and building improvements	20 to 50 years
Vehicles	5 to 30 years
Furniture and fixtures	7 to 10 years
Equipment and machines	7 to 20 years
Signs	20 years

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Compensated Absences (Vacation and Sick Leave)** - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds where appropriate except in the General Fund, where it is only reported for employee terminations as of year end.

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### **Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information** - The annual budget is prepared by the Township Supervisor and adopted by the Township Board; subsequent amendments are approved by the Township Board. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds except that operating transfers and debt proceeds have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)."

### **Note 2 - Stewardship, Compliance, and Accountability (Continued)**

Annual budgets are adopted for all funds. The budget represents a complete financial plan for all activities of the Township for the ensuing fiscal year. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level. Expenditures at this level in excess of amounts budgeted are a violation of State law.

Encumbrance accounting is employed in all funds. Annual appropriations lapse at fiscal year end; encumbrances are not included as expenditures. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. The amount of encumbrances outstanding at March 31, 2004 is \$1,891.

The budget process begins with a strategy meeting in December with the Township supervisor, Township manager, and finance director to plan and prioritize goals and objectives for the upcoming budget year.

Each January, department heads receive workpapers to prepare their individual line item budgets. Upon completion, the department budgets are returned to the finance director for compilation and review. A public meeting with the department managers is held with the Township supervisor, Township manager, and finance director to provide justification of their budgets.

A proposed, balanced budget is then developed and submitted to the Township Board for review. A public hearing on the budget is held before its final adoption. Upon review, and a subsequent public hearing, the Township Board adopts the proposed budget by resolution prior to the commencement of the next fiscal year.

A comparison of actual results of operations to the General Fund and Major Special Revenue Funds budgets adopted by the Township Board is included as required supplemental information. The comparison includes expenditure budget overruns. A comparison of actual results of operations, including budget overruns to all the fund budgets as adopted by the Township Board, is available at the finance department's office for inspection.

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the Township of Grosse Ile incurred expenditures in governmental funds that were in excess of the amounts budgeted, as follows:

	Budget	Actual	Variance
<b>General Fund</b>			
Township Board	\$ 49,619	\$ 62,285	\$ (12,666)
Transfers out	25,000	209,425	(184,425)
<b>Special Revenue Funds - Open Space</b>			
Fund - General government	2,022,830	2,541,071	(518,241)

The significant expenditure budget overrun in the Open Space Fund resulted from the purchase of 90 lots (approximately 35 acres) of vacant property in the amount of \$2.5 million.

The unfavorable expenditure variances in the General Fund were caused by unanticipated expenditures and transfers that became necessary during the year.

**Fund Deficits** - The Township has accumulated fund deficits in the following individual funds:

The deficit in the Open Space Fund of \$516,697 will be eliminated in future years as property tax collections are received.

The deficit in the Special Assessment District Construction Fund of \$606,920 will be eliminated with future bond sale proceeds.

The deficit in the Capital Project Improvement Fund of \$26,358 will be eliminated in future years as future loan reimbursements are received.

The deficit in the Downtown Development Authority of \$416,695 will be eliminated in future years as property tax collections are received.

The deficit in the Brownfield Authority of \$297,305 will be eliminated in future years as property tax collections are received.

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

**Construction Code Fees** - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at April 1, 2003	\$ (75,396)
Current year building permit revenue	345,655
Related expenses:	
Direct costs	(276,353)
Administrative indirect costs	<u>(5,890)</u>
Cumulative shortfall at March 31, 2004	<u>\$ (11,984)</u>

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Township has designated seven banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank investment pool, and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Township of Grosse Ile's deposits and investment policies are in accordance with statutory authority.

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 3 - Deposits and Investments (Continued)

At year-end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and cash equivalents	\$ 7,343,282	\$ 414,612	\$ 416,464	\$ 8,174,358	\$ 44,435
Investments	1,925,482	3,930	611,552	2,540,964	-
Restricted assets	-	5,347,070	-	5,347,070	-
Total	<u>\$ 9,268,764</u>	<u>\$ 5,765,612</u>	<u>\$ 1,028,016</u>	<u>\$ 16,062,392</u>	<u>\$ 44,435</u>

### Deposits

The breakdown between deposits and investments for the Township is as follows:

	Primary Government	Component Units
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 10,809,788	\$ 44,435
Investments in securities, mutual funds, and similar vehicles	5,249,904	-
Petty cash or cash on hand	<u>2,700</u>	<u>-</u>
Total	<u>\$ 16,062,392</u>	<u>\$ 44,435</u>

The bank balance of the Township's deposits is \$6,791,034, of which \$664,230 is covered by federal depository insurance and \$6,126,804 is uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The component units' deposits had a bank balance of \$35,770, all of which was covered by federal depository insurance.

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 3 - Deposits and Investments (Continued)

The Township's investments during the year consisted solely of bank investment pools. There was \$5,249,904 invested in such funds of the primary government, fiduciary funds, and component units at March 31, 2004. The bank investment pools are regulated by the Michigan Banking Act, and the fair value of the position in the pool is the same as the value of the pool shares. Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, these funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The Township believes that the investments in these funds comply with the investment authority noted above.

### Note 4 - Receivables

Receivables as of year-end for the Township's individual major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Road Improvement Fund	Open Space Fund	Nonmajor and Other Funds	Total Primary Government
Receivables:					
Taxes	\$ 147,292	\$ 61,634	\$ 40,335	\$ 150,144	\$ 399,405
Special assessments	-	-	-	434,921	434,921
Accounts	61,865	-	-	18,374	80,239
Interest and other	-	289	-	481	770
Net receivables	<u>\$ 209,157</u>	<u>\$ 61,923</u>	<u>\$ 40,335</u>	<u>\$ 603,920</u>	<u>\$ 915,335</u>

At year end, all receivables recorded in the Township's component units related to taxes receivable.

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Special assessments	\$ 434,921	\$ -
Other	-	3,643
Total	<u>\$ 434,921</u>	<u>\$ 3,643</u>

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 4 - Receivables (Continued)

The Waters Edge Country Club bills the upcoming summer season dockage fees in January of the applicable year. Deferred revenue is recorded for the amounts collected from January to March 31, 2004.

### Note 5 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance April 1, 2003	Additions	Disposals and Adjustments	Balance March 31, 2004
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Open space land	\$ 7,617,738	\$ 2,503,733	\$ -	\$ 10,121,471
Other land	<u>1,172,372</u>	<u>-</u>	<u>-</u>	<u>1,172,372</u>
Subtotal	8,790,110	2,503,733	-	11,293,843
Capital assets being depreciated:				
Infrastructure	15,903,197	84,218	-	15,987,415
Buildings and improvements	7,172,925	261,365	-	7,434,290
Public safety vehicles	1,696,483	42,400	41,156	1,697,727
Furniture, fixtures, and other vehicles	<u>3,051,843</u>	<u>223,948</u>	<u>31,600</u>	<u>3,244,191</u>
Subtotal	27,824,448	611,931	72,756	28,363,623
Accumulated depreciation:				
Infrastructure	3,919,834	273,223	-	4,193,057
Buildings and improvements	708,237	147,454	-	855,691
Public safety vehicles	592,307	120,007	28,123	684,191
Furniture, fixtures, and other vehicles	<u>1,227,338</u>	<u>281,984</u>	<u>27,682</u>	<u>1,481,640</u>
Subtotal	<u>6,447,716</u>	<u>822,668</u>	<u>55,805</u>	<u>7,214,579</u>
Net capital assets being depreciated	<u>21,376,732</u>	<u>(210,737)</u>	<u>16,951</u>	<u>21,149,044</u>
Net capital assets	<u>\$ 30,166,842</u>	<u>\$ 2,292,996</u>	<u>\$ 16,951</u>	<u>\$ 32,442,887</u>

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 5 - Capital Assets (Continued)

	Balance April 1, 2003	Adjustments	Additions	Disposals	Balance March 31, 2004
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 5,652,599	\$ -	\$ -	\$ -	\$ 5,652,599
Construction in progress	-	8,902,574	13,309,068	-	22,211,642
Subtotal	5,652,599	8,902,574	13,309,068	-	27,864,241
Capital assets being depreciated:					
Water and sewer distribution system	8,994,675	-	178,428	-	9,173,103
Buildings and building improvements	11,857,778	1,820,858	768,787	1,827	14,445,596
Furniture, machinery, and equipment	588,024	-	73,237	9,991	651,270
Vehicles	203,285	-	18,762	-	222,047
Subtotal	21,643,762	1,820,858	1,039,214	11,818	24,492,016
Accumulated depreciation:					
Water and sewer distribution system	2,335,235	-	167,307	-	2,502,542
Buildings and building improvements	6,561,698	184,515	460,627	327	7,206,513
Furniture, machinery, and equipment	354,659	-	28,472	6,801	376,330
Vehicles	115,639	-	32,694	-	148,333
Subtotal	9,367,231	184,515	689,100	7,128	10,233,718
Net capital assets being depreciated	12,276,531	1,636,343	350,114	4,690	14,258,298
Net capital assets	\$ 17,929,130	\$ 10,538,917	\$ 13,659,182	\$ 4,690	\$ 42,122,539

Adjustments made to capital asset balances are discussed in Note 15.

Depreciation expense was charged to programs of the primary government as follows:

#### Governmental activities:

General government	\$ 499,664
Public safety	279,140
Cultural and recreation	43,864
Total governmental activities	<u>\$ 822,668</u>

#### Business-type activities:

Department of Public Works	\$ 241,455
Municipal Airport and Commerce Park	382,865
Water's Edge Country Club	64,780
Total business-type activities	<u>\$ 689,100</u>

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 5 - Capital Assets (Continued)

**Construction Commitments** - The Township has active construction projects at year-end. At year-end, the Township's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Sanitary Sewer Separation Project		
Phase I - CIPP Lining	\$ 1,117,238	\$ 15,554
Phase II - Retention Basin Pump Station and Interceptor	9,470,865	2,287,185
Phase II - Sanitary Sewer Replacement	2,415,353	611,971
Phase III - North - South Relief Interceptor	412,146	13,984,085
	<u>\$ 13,415,602</u>	<u>\$ 16,898,795</u>
Total		

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Nonmajor governmental funds	\$ 789,519
	Grosse Ile bridge	268,983
	Department of Public Works	91,552
	Municipal Airport and Commerce Park	85,203
	Water's Edge Country Club	228,843
	Total General Fund	1,464,100
Road Improvement Fund	General Fund	650,000
	Open Space Fund	875,000
	Total Road Improvement Fund	1,525,000
Water's Edge Country Club	Nonmajor governmental funds	104,036
Nonmajor governmental funds	Nonmajor governmental funds	25,483
	Municipal Airport and Commerce Park	26,245
	Department of Public Works	11,758
	Total nonmajor governmental funds	63,486
	Total	<u>\$ 3,156,622</u>

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Receivable Fund	Payable Fund	Amount
<b>Component Units - Due from Primary Government</b>		
Component unit - Downtown Development Authority	Agency Fund - Tax collection fund	\$ 84,180
Component unit - Brownfield Authority	Agency Fund - Tax collection fund	<u>20,327</u>
	Total	<u>\$ 104,507</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Nonmajor governmental funds	\$ 209,425
Nonmajor governmental funds	General Fund	52,620
Nonmajor governmental funds	Nonmajor governmental funds	10,000
Municipal airport	Nonmajor governmental funds	<u>5,279</u>
	Total	<u>\$ 277,324</u>

The transfers to and from the General Fund to the nonmajor governmental funds represent the use of unrestricted resources to finance those programs, in accordance with budgetary authorizations; the transfer from the Municipal Airport to the nonmajor governmental funds represents a transfer of monies in excess of allowable grant expenditures.

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. State and county contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

Long-term obligation activity can be summarized as follows:

	Number of Issues	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Adjustments	Additions (Reductions)	Ending Balance	Due Within One Year
<b>Governmental Activities</b>								
General obligation bonds:								
Sanitary drain bonds	1	3.15%-7.50%	\$131,392- \$288,340	\$ 993,137	\$ -	\$ (131,392)	\$ 861,745	\$ 131,643
Amount of issue: \$5,285,000								
Maturing through 2009								
Public safety building bonds	1	4.15%-9.25%	\$70,000- \$175,000	1,630,000	-	(1,630,000)	-	-
Amount of issue: \$2,555,000								
Maturing through 2015								
Public safety building bonds	1	2.0%-4.0%	\$125,000- \$170,000	-	-	1,585,000	1,585,000	125,000
Amount of issue: \$1,585,000								
Maturing through 2015								
Grosse Ile Building Authority bonds	1	5.125%-8.0%	\$25,000- \$200,000	2,325,000	-	(50,000)	2,275,000	50,000
Amount of issue: \$2,400,000								
Maturing through 2025								
Special assessment bonds	7	4.7%-6.1%	\$25,000- \$105,000	1,065,000	-	(305,000)	760,000	160,000
Amount of issue: \$3,075,000								
Maturing through 2014								
Total governmental activities				\$ 6,013,137	\$ -	\$ (531,392)	\$ 5,481,745	\$ 466,643

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 7 - Long-term Debt (Continued)

	Number of Issues	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Adjustments	Additions (Reductions)	Ending Balance	Due Within One Year
<b>Business-type Activities</b>								
General obligation bonds:								
Tax sewer system improvement bonds	3	2.125%-2.5%	\$155,000- \$1,235,000	\$ -	\$ 23,550,000	\$ 16,135,000	\$ 39,685,000	\$ 935,000
Amount of issue: \$40,000,000								
Maturing through 2025								
G.I./Trenton Utility Authority	3	3.9%-7.0%	\$15,000- \$201,075	-	3,952,800	(131,175)	3,821,625	150,537
Amount of issue: \$4,320,150								
Maturing through 2019								
Grosse Ile Building Authority bonds	1	5.2%-7.0%	\$20,000- \$80,000	-	835,000	(25,000)	810,000	30,000
Amount of issue: \$950,000								
Maturing through 2018								
Grosse Ile Building Authority bonds	1	7.65%-10.0%	\$5,000- \$50,000	-	640,000	(5,000)	635,000	10,000
Amount of issue: \$650,000								
Maturing through 2025								
Capital Improvement bonds	1	3.5%-4.7%	\$25,000- \$45,000	355,275	134,725	(25,000)	465,000	25,000
Amount of issue: \$515,000								
Maturing through 2017								
Capital Improvement bonds	1	4.5%-6.3%	\$25,000- \$80,000	-	-	680,000	680,000	-
Amount of issue: \$680,000								
Maturing through 2019								
Installment Purchase Agreements -								
Municipal Airport and Industrial Park	7	4.0%-7.2%	-	698,933	-	(684,380)	14,553	14,553
Amount of issue: \$1,320,000								
Maturing through 2011								
Total business-type activities				\$ 1,054,208	\$ 29,112,525	\$ 15,944,445	\$ 46,111,178	\$ 1,165,090
<b>Component Units</b>								
Brownfield revitalization revolving loan	1	2.25%	\$40,708- \$46,524	\$ 421,825	\$ -	\$ -	\$ 421,825	\$ 46,524
Amount of issue: \$421,825								
Maturing through 2014								
Downtown Development Authority	1	4.1%-5.9%	\$5,000- \$65,000	560,000	-	(15,000)	545,000	20,000
Amount of issue: \$620,000								
Maturing through 2019								
Total component units				\$ 981,825	\$ -	\$ (15,000)	\$ 966,825	\$ 66,524

Adjustments made to the long-term debt balances are discussed in Note 15.

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 466,643	\$ 245,986	\$ 712,629	\$ 1,165,091	\$ 680,643	\$ 1,845,734	\$ 66,524	\$ 25,572	\$ 92,096
2006	423,140	217,901	641,041	1,884,900	775,893	2,660,793	63,079	33,016	96,095
2007	394,405	199,917	594,322	1,964,263	723,653	2,687,916	63,936	31,134	95,070
2008	427,557	179,296	606,853	2,009,263	670,294	2,679,557	69,812	29,209	99,021
2009	510,000	168,617	678,617	2,064,263	615,309	2,679,572	70,708	27,023	97,731
2010-2014	1,440,000	653,652	2,093,652	11,462,390	2,169,539	13,631,929	412,766	97,714	510,480
2015-2019	770,000	366,719	1,136,719	13,021,008	454,978	13,475,986	220,000	28,642	248,642
2020-2024	850,000	167,987	1,017,987	11,500,000	(1,215,337)	10,284,663	-	-	-
2025-2029	200,000	5,125	205,125	1,040,000	(267,816)	772,184	-	-	-
Total	\$ 5,481,745	\$ 2,205,200	\$ 7,686,945	\$ 46,111,178	\$ 4,607,156	\$ 50,718,334	\$ 966,825	\$ 272,310	\$ 1,239,135

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 7 - Long-term Debt (Continued)

**Advance and Current Refundings** - During the year, the Township issued \$1,585,000 in general obligation bonds with an average interest rate of 3.47 percent. The proceeds of these bonds were used to advance refund \$1,520,000 of outstanding public safety building bonds with an interest rate range of 4.85 percent to 6.38 percent. The net proceeds of \$1,551,200 (after payment of \$33,800 in underwriting fees, insurance, and other issuance costs) plus an additional \$34,686 of Public Safety Debt Retirement Fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the Township's records. The advance refunding reduced total debt service payments over the next 12 years by approximately \$176,000, which represents an economic gain of approximately \$147,000.

In prior years, the Township defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the general purpose financial statements. At March 31, 2004, \$700,000 of bonds outstanding are considered defeased.

### Note 8 - Restricted Assets

The balances of the restricted asset accounts are as follows:

	Department of Public Works	Municipal Airport and Commerce Park	Waters Edge Country Club	Total Business- type Activities
Unspent bond proceeds and related interest	\$ 591,004	\$ 38,081	\$ 65,919	\$ 695,004
Sewer plant improvements	2,655,828	-	-	2,655,828
Water and sewer distributive and collective systems	<u>1,996,238</u>	<u>-</u>	<u>-</u>	<u>1,996,238</u>
Total restricted assets	<u>\$ 5,243,070</u>	<u>\$ 38,081</u>	<u>\$ 65,919</u>	<u>\$ 5,347,070</u>

**Restricted Assets** - Undrawn bond proceeds reported in the Township's Department of Public Works represents funds available for future draws on the Sanitary Sewer Rehabilitation Project Bonds. Debt has been recorded by the Township for 100 percent of the amount of funds available under this bond issue.

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 9 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical claims as of March 1997; however, the Township still maintains a self-insurance plan for dental claims only. The Township participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and the Michigan Township Participating Plan for property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Township Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

The Michigan Municipal League risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

### Note 10 - Defined Benefit Pension Plan

**Plan Description** - The Township participates in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan that covers all employees of the Township. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

Trend information is as follows:

	Fiscal Year Ended March 31		
	2002	2003	2004
Annual pension costs (APC)	\$ 320,304	\$ 330,108	\$ 480,448
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 10 - Defined Benefit Pension Plan (Continued)

	Actuarial Valuation as of December 31		
	2001	2002	2003
Actuarial value of assets	\$ 9,407,531	\$ 9,863,436	\$ 10,806,524
Actuarial Accrued Liability (AAL)	\$ 12,163,635	\$ 13,099,309	\$ 14,062,027
Unfunded AAL (UAAL)	\$ 2,756,104	\$ 3,235,873	\$ 3,255,503
Funded ratio	77.3%	75.3%	76.8%
Covered payroll	\$ 2,993,914	\$ 3,059,169	\$ 3,058,784
UAAL as a percentage of covered payroll	92%	106%	106%

At March 31, 2004, members consisted of the following:

	Active Employees	Retired Employees*
Police	17	10
Dispatch	6	2
Fire	2	1
Union	27	4
Administration	19	9
Total	<u>71</u>	<u>26</u>

\*Retired employees include beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them.

**Funding Policy** - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and requires a contribution from the employees of 1 percent of gross wages for public safety employees.

### **Note 10 - Defined Benefit Pension Plan (Continued)**

**Annual Pension Cost** - For the year ended March 31, 2004, the Township's annual pension cost of \$480,448 for the plan was equal to the Township's required contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2003, using the entry age actuarial cost method. Significant actuarial assumptions used include: (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year, and (c) 2 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years. Annually since 1997, the Township has been budgeting and voluntarily contributing an extra \$100,000 above the recommended required contribution to work toward a 100 percent funding level.

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 11 - Reserved and Designated Fund Balances

Net assets of governmental activities have been reserved for the following:

Restricted net assets:

Streets	\$ 3,368,437
Fire operating and equipment	1,585,380
Recreation	190,597
Library	216,145
Bicycle path	667,262
Drains	462,108
Capital projects	<u>306,729</u>

Total restricted net assets	<u><u>\$ 6,796,658</u></u>
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Fund balance of the General Fund has been designated for the following purposes:

Debt service	\$ 180,775
Eucumbrances	1,891
Subsequent year's expenditures	<u>2,127,081</u>

Total	<u><u>\$ 2,309,747</u></u>
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Net assets of the Department of Public Works have been reserved for the following:

Sewer plant improvements	\$ 2,655,828
Water and sewer distributive and collective systems	<u>1,996,238</u>

Total restricted net assets	<u><u>\$ 4,652,066</u></u>
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# Township of Grosse Ile

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## Notes to Financial Statements March 31, 2004

### Note 12 - Contingent Liabilities

During the ordinary course of its operation, the Township is a party to various claims, legal actions, and complaints.

The Township of Grosse Ile adopted a Resolution and Statement of Necessity dated June 9, 2003, whereby indicating its intention to acquire, by its power of eminent domain, the real and personal property belonging to the Grosse Ile Bridge Company. The Resolution of Necessity authorizes and directs the Township of Grosse Ile, via its legal counsel, to institute legal proceedings against parties in interest of the subject property for public purposes. In accordance with the provisions of MCL 212.55(1), the Township of Grosse Ile submitted a good faith offer for acquisition of the above property in the amount of \$4,293,000. This good faith offer was rejected on behalf of the Grosse Ile Bridge Company.

As of September 15, 2003, the Township has the legal authority to sell general obligation capital bonds, pursuant to Act 34, Public Acts of Michigan 2001, as amended, in an amount not to exceed \$10,000,000 for the purpose of paying the costs of acquiring the property and bridge and making certain capital improvements to the subject property.

On August 1, 2003, a Condemnation Complaint and Demand for Jury Trial was filed with the Court entitled *Township of Grosse Ile Bridge Company Case No. 03-325491 CC*. This complaint was prepared and filed in compliance with the provisions of the Resolution of Necessity and such statutes authorizing Grosse Ile Township to carry out the intent of said resolution regarding the taking of the subject private property. This case is presently pending at the Michigan Court of Appeals No. 255759.

The Township, along with several other communities, was issued a "Notice of Noncompliance" from the State of Michigan Department of Environmental Quality (the "Department") for alleged failure to comply with terms and conditions of a permit for discharge of wastewater and sewage.

The Township Board has agreed to the terms and conditions of an administrative consent order issued by the Department dated April 26, 2001. Under terms of the consent decree, the communities are required to undertake construction projects to expand and upgrade the system. The Township has issued bonds of \$40,000,000 to pay for costs related to the system improvements. The modifications to the system are substantially complete; however, contractual issues with the contractor of the project have arisen relating to the completion of the improvements. The issues may result in additional costs; however, the amounts are not able to be estimated at this time.

# **Township of Grosse Ile**

## **Notes to Financial Statements March 31, 2004**

### **Note 13 - Joint Venture**

The Township is a member of the 33rd District Court (the "Court"), which provides judicial services to the member communities. The Court receives its operating revenue principally from fines and fees, in addition to annual funding contributions from member communities. During the current year, the Township received approximately \$20,400 from the Court, representing the Township's share of the Court's net activity. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating communities in the near future, other than the fluctuation of case loads, which impacts the Township's share of the Court debt. Complete financial statements for the Court can be obtained from the administrative offices at: 19000 Van Horn Road, Woodhaven, MI 48183.

During 1995, the Township and various other surrounding communities entered into an installment purchase agreement with a bank on behalf of the Court. The communities collectively agreed to finance the construction of an addition to the Court for a total cost of approximately \$2,000,000.

The intention of the Court is to make the monthly interest and principal payments on behalf of the communities. In the event that payments are not received by the bank when due, each community will be responsible for its proportionate share of the debt based on Court usage. The Township's original estimated share of this debt was anticipated to be 4.12 percent but has been averaging approximately 3 percent to 4 percent over the past several years. The Township's portion of the related building addition, their equity interest, and debt obligation in the Court has been deemed insignificant by the Township and has not been recorded in the statement of net assets as of March 31, 2004.

For each community, the "share" is the percentage of total amount of any payment due equal to a fraction, the numerator of which is the total cases handled by the Court for that community from January 1 to December 31 of the year immediately preceding the year in which the payment is due, and the denominator of which is the total number of cases handled by the Court for the same time period. The share of the Township through December 31, 2003 approximated 4.01 percent. Principal and interest payments made by the Court on the Township's behalf during the year totaled \$3,431 and \$2,762, respectively. The Court has set aside certain funds of the Township in anticipation of its future debt requirements. The Township has not recorded these amounts held by the Court since it is not anticipated that they will be made available currently, nor can they be used for purposes other than debt retirement.

### **Note 14 - Other Postemployment Benefits**

The Township has elected to provide postemployment health, dental, vision, and life insurance benefits to all eligible full-time retired employees and their beneficiaries. The government pays the full cost of coverage for these benefits. The Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participant (other than specific co-pays). The Township purchases Medicare supplemental insurance for retirees eligible for Medicare. Currently, 27 retirees are eligible for post-employment health benefits. For the fiscal year ended March 31, 2004, the Township made payments for postemployment health benefits of \$227,439. The government obtains health care coverage through private insurers.

**Upcoming Reporting Change** - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending March 31, 2009.

### **Note 15 - Accounting and Reporting Change**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The Township of Grosse Ile has applied the provisions of this statement in the accompanying financial statements (including the notes to the financial statements). The Township has elected to implement both the general provisions of the statement and the retroactive reporting of the infrastructure in the current year. Certain significant changes in the statement include the following:

- A management's discussion and analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the Township's activities, including infrastructure (sidewalks, bridges, etc.)
- A change in the fund financial statements to focus on the major funds

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 15 - Accounting and Reporting Change (Continued)

- Capital assets in the governmental activities column of the statement of net assets includes infrastructure assets (sidewalks, bridges, etc.) not previously accounted for by the Township as well as assets that would previously have been reported in the General Fixed Assets Account Group.
- Capital assets at April 1, 2003 previously reported in the General Fixed Assets Account Group have been adjusted by approximately \$4,600,000 to reflect the historical cost of the City's capital assets at that date.
- The governmental activities column includes bonds and other long-term obligations totaling \$5,800,805 previously reported in the General Long-term Debt Account Group.

Adjustments were made to the Department of Public Works Enterprise Fund net assets and certain governmental funds' fund balance. Debt service related to certain bonds issued in prior years for the Grosse Ile Building Authority, Grosse Ile/Trenton Utilities Authority, and general government had been accounted for in separate Capital Projects and Debt Funds. The related assets and debt were previously reported in the appropriate account groups. The assets and debt are directly related to the Department of Public Works; therefore, the Township combined all activity for reporting purposes.

Similar adjustments were also made to the Water's Edge Country Club Enterprise Fund for related debt issued on their behalf for capital improvements. Unspent bond proceeds were restricted within these funds for future capital improvements.

Beginning fund balance and net assets have been restated as follows:

General Fund - Fund balance at March 31, 2003	\$ 2,849,654
The following Internal Service Funds are reported as part of the General Fund:	
Hospitalization Fund	23,887
Revolving Loan Fund	<u>85,008</u>
General Fund - Fund balance at March 31, 2003 - As restated	<u>\$ 2,958,549</u>
State Revolving Loan Debt Fund - Fund balance at March 31, 2003	\$ 76,384
Fund balance from the State Revolving Loan Debt Fund is now reported within the Department of Public Works	<u>(76,384)</u>
State Revolving Loan Debt Fund - Fund balance at March 31, 2003 - As restated	<u>\$ -</u>

# Township of Grosse Ile

## Notes to Financial Statements March 31, 2004

### Note 15 - Accounting and Reporting Change (Continued)

Capital Improvements Fund - Fund balance at March 31, 2003	\$ 99,253
Unspent bond proceeds for water and sewer projects are now recorded in the Department of Public Works Fund	<u>(134,725)</u>
Capital Improvements Fund - Fund balance at March 31, 2003 - As restated	<u>\$ (35,472)</u>
Water's Edge Country Club - Fund equity at March 31, 2003	\$ 223,256
Building additions previously recorded in the General Fixed Assets Account Group	773,283
Accumulated depreciation on the building addition	(90,233)
Building Authority Debt previously recorded in the General Long-term Debt Account Group	<u>(640,000)</u>
Water's Edge Country Club - Fund equity at March 31, 2003 - As restated	<u>\$ 266,306</u>
Department of Public Works - Fund equity at March 31, 2003	\$ 12,092,586
Fund balance from the component unit - Utility Authority Debt Fund is now reported within the Department of Public Works	7,937
Fund balance from the component unit - Utility Authority Construction Fund is now reported within the Department of Public Works	883,902
Fund balance from the Debt Service Fund - State Revolving Loan Debt is now reported within the Department of Public Works	76,384
The outstanding tax sewer system improvement bonds were previously reported in the General Long-term Debt Account Group net of undrawn proceeds:	
Debt	(23,550,000)
Undrawn proceeds	18,787,672
The outstanding Grosse Ile/Trenton Utility Authority bonds were previously reported in the General Long-term Debt Account Group	(3,952,800)
The outstanding Grosse Ile Building Authority bonds were previously reported in the General Long-term Debt Account Group	(835,000)
Unspent bond proceeds and the related debt for water and sewer projects were previously recorded in the Capital Improvements Fund and the General Long-term Debt Account Group, respectively:	
Cash from unspent bond proceeds	134,725
Capital Improvement Bonds	(134,725)
Building additions previously recorded in the General Fixed Assets Account Group	1,047,576
Accumulated depreciation on the building addition	(94,282)
Construction in progress previously recorded in the General Fixed Assets Account Group	<u>8,902,573</u>
Department of Public Works - Fund equity at March 31, 2003 - As restated	<u>\$ 13,366,548</u>

## **Required Supplemental Information**

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# Township of Grosse Ile

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended March 31, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenues</b>				
Property taxes	\$ 2,696,440	\$ 2,696,440	\$ 2,755,213	\$ 58,773
Intergovernmental revenue	959,626	959,626	982,192	22,566
Licenses and permits	405,070	405,070	441,829	36,759
Charges for services	2,600	2,600	1,608	(992)
Fines and forfeitures	99,282	99,282	123,849	24,567
Interest income	75,000	75,000	51,203	(23,797)
Other revenue	240,083	249,696	254,217	4,521
Total revenues	4,478,101	4,487,714	4,610,111	122,397
<b>Expenditures</b>				
General government:				
Township board	49,619	49,619	62,285	(12,666)
Township supervisor	27,534	27,534	22,775	4,759
Township manager	226,933	226,933	223,832	3,101
Elections	37,188	37,188	4,049	33,139
Township clerk	134,590	134,590	133,491	1,099
Finance department	226,117	226,117	209,321	16,796
Property tax administration	85,617	85,617	74,428	11,189
Board of Review	2,400	2,400	936	1,464
Township treasurer	116,066	116,066	112,335	3,731
Township grounds and maintenance	454,118	454,118	260,022	194,096
Community development	294,570	294,570	282,243	12,327
Cable commission	95,000	104,613	104,192	421
Professional services	112,500	112,500	74,513	37,987
General expenditures	150,332	150,332	143,995	6,337
Total general government	2,012,584	2,022,197	1,708,417	313,780
33rd District Court	87,782	87,782	82,254	5,528
Public safety:				
Police	2,379,665	2,379,665	2,289,145	90,520
Animal control	13,650	13,650	9,050	4,600
Auxiliary police	12,040	12,040	7,331	4,709
Total public safety	2,405,355	2,405,355	2,305,526	99,829
Total expenditures	4,505,721	4,515,334	4,096,197	419,137
<b>Excess of Revenues Over (Under) Expenditures</b>	(27,620)	(27,620)	513,914	541,534

# Township of Grosse Ile

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	\$ 52,620	\$ 52,620	\$ 52,620	\$ -
Operating transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(209,425)</u>	<u>(184,425)</u>
Total other financing sources (uses)	<u>27,620</u>	<u>27,620</u>	<u>(156,805)</u>	<u>(184,425)</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses</b>	-	-	357,109	357,109
<b>Fund Balance - April 1, 2003</b>	<u>2,958,549</u>	<u>2,958,549</u>	<u>2,958,549</u>	<u>-</u>
<b>Fund Balance - March 31, 2004</b>	<u><b>\$ 2,958,549</b></u>	<u><b>\$ 2,958,549</b></u>	<u><b>\$ 3,315,658</b></u>	<u><b>\$ 357,109</b></u>

# Township of Grosse Ile

## Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Road Improvement Year Ended March 31, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 929,502	\$ 929,502	\$ 942,268	\$ 12,766
Interest income	<u>10,000</u>	<u>10,000</u>	<u>29,836</u>	<u>19,836</u>
Total revenue	939,502	939,502	972,104	32,602
<b>Expenditures</b> - General government	<u>3,528,502</u>	<u>3,528,502</u>	<u>253,372</u>	<u>3,275,130</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	(2,589,000)	(2,589,000)	718,732	3,307,732
<b>Fund Balance</b> - Beginning of year	<u>2,649,705</u>	<u>2,649,705</u>	<u>2,649,705</u>	<u>-</u>
<b>Fund Balance</b> - End of year	<u><b>\$ 60,705</b></u>	<u><b>\$ 60,705</b></u>	<u><b>\$ 3,368,437</b></u>	<u><b>\$ 3,307,732</b></u>

# Township of Grosse Ile

## Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Open Space Fund Year Ended March 31, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 534,630	\$ 534,630	\$ 552,549	\$ 17,919
Interest income	<u>15,000</u>	<u>15,000</u>	<u>12,574</u>	<u>(2,426)</u>
Total revenue	549,630	549,630	565,123	15,493
<b>Expenditures - General government</b>	<u>2,022,830</u>	<u>2,022,830</u>	<u>2,541,071</u>	<u>(518,241)</u>
<b>Excess of Expenditures Over Revenue</b>	(1,473,200)	(1,473,200)	(1,975,948)	(502,748)
<b>Fund Balance - Beginning of year</b>	<u>1,459,251</u>	<u>1,459,251</u>	<u>1,459,251</u>	<u>-</u>
<b>Fund Balance (Deficit) - End of year</b>	<u><u>\$ (13,949)</u></u>	<u><u>\$ (13,949)</u></u>	<u><u>\$ (516,697)</u></u>	<u><u>\$ (502,748)</u></u>

## **Other Supplemental Information**

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# Township of Grosse Ile

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds March 31, 2004

	Nonmajor Governmental Funds			Total Nonmajor Governmental Funds
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
<b>Assets</b>				
Cash and investments	\$ 3,459,365	\$ 897,382	\$ 433,218	\$ 4,789,965
Receivables - Net	134,658	469,183	79	603,920
Due from other funds	30,762	-	32,724	63,486
Due from other governmental units	34,846	-	-	34,846
Prepaid expenses and other assets	7,940	-	-	7,940
Total assets	<u>\$ 3,667,571</u>	<u>\$ 1,366,565</u>	<u>\$ 466,021</u>	<u>\$ 5,500,157</u>
<b>Liabilities and Fund Balances (Deficit)</b>				
<b>Liabilities</b>				
Accounts payable	\$ 186,101	\$ -	\$ 366	\$ 186,467
Accrued and other liabilities	42,895	-	18,670	61,565
Due to other funds	141,033	-	773,444	914,477
Deferred revenue	3,643	434,921	-	438,564
Total liabilities	373,672	434,921	792,480	1,601,073
<b>Fund Balances (Deficit)</b>				
Reserved	-	931,644	-	931,644
Unreserved - Undesignated	3,293,899	-	(326,459)	2,967,440
Total fund balances (deficit)	<u>3,293,899</u>	<u>931,644</u>	<u>(326,459)</u>	<u>3,899,084</u>
Total liabilities and fund balances (deficit)	<u>\$ 3,667,571</u>	<u>\$ 1,366,565</u>	<u>\$ 466,021</u>	<u>\$ 5,500,157</u>

# Township of Grosse Ile

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) - Nonmajor Governmental Funds Year Ended March 31, 2004

	Nonmajor Governmental Funds			
	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 1,791,872	\$ 454,042	\$ -	\$ 2,245,914
Special assessments	-	146,576	-	146,576
Charges for services	316,894	28,200	-	345,094
Ambulance fees	89,631	-	-	89,631
Rental income	80,981	-	-	80,981
Federal sources	125,290	-	-	125,290
Interest income	16,149	38,261	4,803	59,213
Other	34,336	-	25,013	59,349
Total revenue	2,455,153	667,079	29,816	3,152,048
<b>Expenditures</b>				
Current:				
General government	301,059	-	-	301,059
Public safety	940,109	-	-	940,109
Cultural and recreation	870,976	-	-	870,976
Capital outlay	-	-	731,859	731,859
Debt service	-	2,522,174	-	2,522,174
Total expenditures	2,112,144	2,522,174	731,859	5,366,177
<b>Excess of Revenue Over (Under) Expenditures</b>	343,009	(1,855,095)	(702,043)	(2,214,129)
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	-	1,585,000	-	1,585,000
Transfers in	40,279	184,425	-	224,704
Transfers out	(62,620)	-	-	(62,620)
Total other financing sources (uses)	(22,341)	1,769,425	-	1,747,084
<b>Net Change in Fund Balances</b>	320,668	(85,670)	(702,043)	(467,045)
<b>Fund Balances</b> - Beginning of year - As restated	2,973,231	1,017,314	375,584	4,366,129
<b>Fund Balances (Deficit) - End of year</b>	<u>\$ 3,293,899</u>	<u>\$ 931,644</u>	<u>\$ (326,459)</u>	<u>\$ 3,899,084</u>

# Township of Grosse Ile

	Public Safety Building Maintenance	Fire Operating	Fire Equipment	Recreation Fund
<b>Assets</b>				
Cash and investments	\$ 152,492	\$ 828,203	\$ 748,587	\$ 194,696
Receivables - Net	10,834	59,553	17,908	17,603
Due from other funds	-	4,561	-	20,922
Due from other governmental units	-	-	-	-
Prepaid expenses and other assets	-	3,000	-	4,940
Total assets	<u>\$ 163,326</u>	<u>\$ 895,317</u>	<u>\$ 766,495</u>	<u>\$ 238,161</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 18,438	\$ 53,599	\$ 4,064	\$ 10,555
Accrued and other liabilities	-	14,217	-	28,678
Due to other funds	-	4,552	-	6,376
Deferred revenue	-	-	-	1,955
Total liabilities	18,438	72,368	4,064	47,564
<b>Fund Balances - Undesignated</b>	<u>144,888</u>	<u>822,949</u>	<u>762,431</u>	<u>190,597</u>
Total liabilities and fund balances	<u>\$ 163,326</u>	<u>\$ 895,317</u>	<u>\$ 766,495</u>	<u>\$ 238,161</u>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
March 31, 2004**

Historical		Block Grant		Drain and	Total
Farm	Library Fund	Fund	Bicycle Path	Storm	Nonmajor
				Maintenance	Special
					Revenue Funds
\$ 28,646	\$ 269,529	\$ 90,714	\$ 663,608	\$ 482,890	\$ 3,459,365
77	13,300	-	3,771	11,612	134,658
-	-	5,279	-	-	30,762
-	-	34,846	-	-	34,846
-	-	-	-	-	7,940
<u>\$ 28,723</u>	<u>\$ 282,829</u>	<u>\$ 130,839</u>	<u>\$ 667,379</u>	<u>\$ 494,502</u>	<u>\$ 3,667,571</u>
\$ 250	\$ 66,684	\$ -	\$ 117	\$ 32,394	\$ 186,101
-	-	-	-	-	42,895
-	-	130,105	-	-	141,033
<u>1,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,643</u>
1,938	66,684	130,105	117	32,394	373,672
<u>26,785</u>	<u>216,145</u>	<u>734</u>	<u>667,262</u>	<u>462,108</u>	<u>3,293,899</u>
<u>\$ 28,723</u>	<u>\$ 282,829</u>	<u>\$ 130,839</u>	<u>\$ 667,379</u>	<u>\$ 494,502</u>	<u>\$ 3,667,571</u>

# Township of Grosse Ile

	Public Safety Building Maintenance	Fire Operating	Fire Equipment	Recreation Fund
<b>Revenue</b>				
Property taxes	\$ -	\$ 792,576	\$ 273,108	\$ 269,150
Charges for services	-	-	-	316,894
Ambulance fees	-	89,631	-	-
Rental income	20,008	-	-	-
Federal sources	-	-	-	-
Interest income	1,367	-	4,375	299
Other	-	-	-	34,036
Total revenue	21,375	882,207	277,483	620,379
<b>Expenditures - Current</b>				
General government	-	-	-	-
Public safety	110,029	742,079	88,001	-
Cultural and recreation	-	-	-	657,954
Total expenditures	110,029	742,079	88,001	657,954
<b>Excess of Revenue Over (Under) Expenditures</b>	(88,654)	140,128	189,482	(37,575)
<b>Other Financing Sources (Uses)</b>				
Transfers in	20,000	-	-	15,000
Transfers out	-	(62,620)	-	-
Total other financing sources (uses)	20,000	(62,620)	-	15,000
<b>Net Change in Fund Balances</b>	(68,654)	77,508	189,482	(22,575)
<b>Fund Balances - Beginning of year</b>	213,542	745,441	572,949	213,172
<b>Fund Balances - End of year</b>	<u>\$ 144,888</u>	<u>\$ 822,949</u>	<u>\$ 762,431</u>	<u>\$ 190,597</u>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended March 31, 2004**

Historical Farm	Library Fund	Block Grant Fund	Bicycle Path	Drain and Storm Maintenance	Total Nonmajor Special Revenue Funds
\$ 71	\$ 220,966	\$ -	\$ 53,726	\$ 182,275	\$ 1,791,872
-	-	-	-	-	316,894
-	-	-	-	-	89,631
60,973	-	-	-	-	80,981
-	-	125,290	-	-	125,290
101	414	-	6,890	2,703	16,149
300	-	-	-	-	34,336
61,445	221,380	125,290	60,616	184,978	2,455,153
-	-	130,569	54,828	115,662	301,059
-	-	-	-	-	940,109
46,056	166,966	-	-	-	870,976
46,056	166,966	130,569	54,828	115,662	2,112,144
15,389	54,414	(5,279)	5,788	69,316	343,009
-	-	5,279	-	-	40,279
-	-	-	-	-	(62,620)
-	-	5,279	-	-	(22,341)
15,389	54,414	-	5,788	69,316	320,668
11,396	161,731	734	661,474	392,792	2,973,231
<u>\$ 26,785</u>	<u>\$ 216,145</u>	<u>\$ 734</u>	<u>\$ 667,262</u>	<u>\$ 462,108</u>	<u>\$ 3,293,899</u>

# Township of Grosse Ile

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	Sanitary Drain District	Public Safety Building Debt	1993 SAD Debt	1995 SAD Debt	1995 Series B SAD Debt
<b>Assets</b>					
Cash and investments	\$ 129,328	\$ 99,837	\$ 140,705	\$ 35,046	\$ 72,196
Receivables - Net	<u>14,625</u>	<u>14,590</u>	<u>-</u>	<u>-</u>	<u>1,151</u>
Total assets	<b><u>\$ 143,953</u></b>	<b><u>\$ 114,427</u></b>	<b><u>\$ 140,705</u></b>	<b><u>\$ 35,046</u></b>	<b><u>\$ 73,347</u></b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b> - Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Balances</b> - Reserved	<u>143,953</u>	<u>114,427</u>	<u>140,705</u>	<u>35,046</u>	<u>73,347</u>
Total liabilities and fund balances	<b><u>\$ 143,953</u></b>	<b><u>\$ 114,427</u></b>	<b><u>\$ 140,705</u></b>	<b><u>\$ 35,046</u></b>	<b><u>\$ 73,347</u></b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
March 31, 2004**

1995 Series C SAD Debt	1996 SAD Debt	1998 SAD Debt	1999 SAD Debt	Building Authority	Total Nonmajor Debt Service Funds
\$ 15,460	\$ 91,687	\$ 160,780	\$ 151,833	\$ 510	\$ 897,382
<u>47,179</u>	<u>13,423</u>	<u>191,436</u>	<u>186,779</u>	<u>-</u>	<u>469,183</u>
<b><u>\$ 62,639</u></b>	<b><u>\$ 105,110</u></b>	<b><u>\$ 352,216</u></b>	<b><u>\$ 338,612</u></b>	<b><u>\$ 510</u></b>	<b><u>\$ 1,366,565</u></b>
\$ 47,179	\$ 12,928	\$ 189,940	\$ 184,874	\$ -	\$ 434,921
<u>15,460</u>	<u>92,182</u>	<u>162,276</u>	<u>153,738</u>	<u>510</u>	<u>931,644</u>
<b><u>\$ 62,639</u></b>	<b><u>\$ 105,110</u></b>	<b><u>\$ 352,216</u></b>	<b><u>\$ 338,612</u></b>	<b><u>\$ 510</u></b>	<b><u>\$ 1,366,565</u></b>

# Township of Grosse Ile

	Sanitary Drain District	Public Safety Building Debt	1993 SAD Debt	1995 SAD Debt	1995 Series B SAD Debt
<b>Revenue</b>					
Property taxes	\$ 227,021	\$ 227,021	\$ -	\$ -	\$ -
Special assessments	-	-	-	13,320	20,492
Charges for services	28,200	-	-	-	-
Interest income	-	1,297	848	1,020	1,653
Total revenue	255,221	228,318	848	14,340	22,145
<b>Expenditures - Debt service</b>	193,785	1,779,673	57,789	27,300	48,612
<b>Excess of Revenue Over (Under) Expenditures</b>	61,436	(1,551,355)	(56,941)	(12,960)	(26,467)
<b>Other Financing Sources</b>					
Proceeds from refunding bonds	-	1,585,000	-	-	-
Transfers in	-	-	-	-	-
Total other financing sources	-	1,585,000	-	-	-
<b>Net Change in Fund Balances</b>	61,436	33,645	(56,941)	(12,960)	(26,467)
<b>Fund Balances - Beginning of year</b>	82,517	80,782	197,646	48,006	99,814
<b>Fund Balances - End of year</b>	<u>\$ 143,953</u>	<u>\$ 114,427</u>	<u>\$ 140,705</u>	<u>\$ 35,046</u>	<u>\$ 73,347</u>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**Year Ended March 31, 2004**

1995 Series						Total Nonmajor Debt Service Funds
C SAD Debt	1996 SAD Debt	1998 SAD Debt	1999 SAD Debt	Building Authority		
\$ -	\$ -	\$ -	\$ -	\$ -	\$	454,042
53,550	12,928	29,163	17,123	-		146,576
-	-	-	-	-		28,200
<u>5,443</u>	<u>1,701</u>	<u>12,715</u>	<u>13,555</u>	<u>29</u>		<u>38,261</u>
58,993	14,629	41,878	30,678	29		667,079
<u>110,882</u>	<u>18,107</u>	<u>52,097</u>	<u>49,504</u>	<u>184,425</u>		<u>2,522,174</u>
(51,889)	(3,478)	(10,219)	(18,826)	(184,396)		(1,855,095)
-	-	-	-	-		1,585,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,425</u>		<u>184,425</u>
-	-	-	-	184,425		1,769,425
(51,889)	(3,478)	(10,219)	(18,826)	29		(85,670)
<u>67,349</u>	<u>95,660</u>	<u>172,495</u>	<u>172,564</u>	<u>481</u>		<u>1,017,314</u>
<u>\$ 15,460</u>	<u>\$ 92,182</u>	<u>\$ 162,276</u>	<u>\$ 153,738</u>	<u>\$ 510</u>		<u>\$ 931,644</u>

# Township of Grosse Ile

## Other Supplemental Information Combining Balance Sheet Nonmajor Capital Projects Funds March 31, 2004

	G.I. Building Authority	Capital Project Improvements	1998 SAD Construction	1999 SAD Construction	SAD Construction	Total Nonmajor Capital Projects Funds
<b>Assets</b>						
Cash and investments	\$ 90	\$ 75,669	\$ 95,331	\$ 211,398	\$ 50,730	\$ 433,218
Receivables - Net	-	79	-	-	-	79
Due from other funds	-	20,966	-	-	11,758	32,724
Total assets	<u>\$ 90</u>	<u>\$ 96,714</u>	<u>\$ 95,331</u>	<u>\$ 211,398</u>	<u>\$ 62,488</u>	<u>\$ 466,021</u>
<b>Liabilities and Fund Balances (Deficit)</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 366	\$ -	\$ -	\$ -	\$ 366
Accrued and other liabilities	-	18,670	-	-	-	18,670
Due to other funds	-	104,036	-	-	669,408	773,444
Total liabilities	-	123,072	-	-	669,408	792,480
<b>Fund Balances (Deficit) - Undesignated</b>	<u>90</u>	<u>(26,358)</u>	<u>95,331</u>	<u>211,398</u>	<u>(606,920)</u>	<u>(326,459)</u>
Total liabilities and fund balances (deficit)	<u>\$ 90</u>	<u>\$ 96,714</u>	<u>\$ 95,331</u>	<u>\$ 211,398</u>	<u>\$ 62,488</u>	<u>\$ 466,021</u>

# Township of Grosse Ile

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) Nonmajor Capital Projects Funds Year Ended March 31, 2004

	G.I. Building Authority	Capital Project Improvements	1998 SAD Construction	1999 SAD Construction	SAD Construction	Total Nonmajor Capital Projects Funds
<b>Revenue</b>						
Interest income	\$ 90	\$ 2,159	\$ 579	\$ 1,566	\$ 409	\$ 4,803
Other	-	13,255	-	-	11,758	25,013
Total revenue	90	15,414	579	1,566	12,167	29,816
<b>Expenditures - Capital outlay</b>	-	6,300	-	-	725,559	731,859
<b>Excess of Revenue Over (Under) Expenditures</b>	90	9,114	579	1,566	(713,392)	(702,043)
<b>Fund Balances (Deficit) -</b>						
Beginning of year - As restated	-	(35,472)	94,752	209,832	106,472	375,584
<b>Fund Balances (Deficit) - End of year</b>	<u>\$ 90</u>	<u>\$ (26,358)</u>	<u>\$ 95,331</u>	<u>\$ 211,398</u>	<u>\$ (606,920)</u>	<u>\$ (326,459)</u>